PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

* 3 6 2 7 7 2 0 1 2 2 0 1 0 0 1 0 0 *

ANNUAL STATEMENT

For the Year Ended December 31, 2012

of the Condition and Affairs of the

Medical Mutual Insurance Company of Maine

NAIC Group Code..... , (Current Period) (Prior Period)	NAIC Company Code..... 36277	Employer's ID Number..... 01-0355669
Organized under the Laws of Maine	State of Domicile or Port of Entry Maine	Country of Domicile US
Incorporated/Organized..... March 20, 1978	Commenced Business..... September 1, 1978	

Statutory Home Office	One City Center….. Portland ..... ME .... 04101-4009 *(Street and Number) (City or Town, State, Country and Zip Code)*	
Main Administrative Office	One City Center….. Portland ..... ME .... 04101-4009 *(Street and Number) (City or Town, State, Country and Zip Code)*	207-775-2791 *(Area Code) (Telephone Number)*
Mail Address	P.O. Box 15275….. Portland ..... ME .... 04112-5275 *(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)*	
Primary Location of Books and Records	One City Center….. Portland ..... ME .... 04101-4009 *(Street and Number) (City or Town, State, Country and Zip Code)*	207-775-2791 *(Area Code) (Telephone Number)*
Internet Web Site Address	WWW.MEDICALMUTUAL.COM	
Statutory Statement Contact	Domenic J. Restuccia EVP/CFO *(Name)*	207-775-2791 *(Area Code) (Telephone Number) (Extension)*
	drestuccia@medicalmutual.com *(E-Mail Address)*	207-523-8380 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. Terrance J. Sheehan M.D.	President	2. O. Robert Stevens M.D.	Treasurer
3. William L. Medd M.D.	Chairman	4. Cynthia A. DeSoi M.D.	Secretary

OTHER

William F. D'Angelo M.D.	Vice Chairman	Domenic J. Restuccia	EVP/CFO
John P. Doyle	VP Marketing/Corp Communications	Stephen D. Hodgkin	VP/CIO
Mary Elizabeth Knox	VP Claims	Cheryl L. Peaslee	VP Risk Management
David L. Johnson	VP Underwriting		

DIRECTORS OR TRUSTEES

Jeremy R. Morton M.D.	William L. Medd M.D.	O. Robert Stevens M.D.	Terrance J. Sheehan M.D.
Cynthia A. DeSoi M.D.	William F. D'Angelo M.D.	Katherine Stoddard Pope M.D.	Domenic J. Restuccia
Thomas D. Hayward M.D.	James M. Totten	John P. Sauter M.D.	John A. Marzinzik
Peter W. Bates M.D.	Frank W. Lavoie M.D.	Robert D. Sansonetti M.D. #	

State of........ MAINE
County of..... CUMBERLAND

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Terrance J. Sheehan M.D.	O. Robert Stevens M.D.	William L. Medd M.D.
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Treasurer	Chairman
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This ________ day of ____________ 2013

a. Is this an original filing? Yes [X] No [ ]
b. If no 1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year 1 Assets	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	192,405,332		192,405,332	192,679,476
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks	30,737,146		30,737,146	26,382,636
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $..........0 encumbrances)			0	
4.2 Properties held for the production of income (less $..........0 encumbrances)			0	
4.3 Properties held for sale (less $..........0 encumbrances)			0	
5. Cash ($.....9,586,566, Schedule E-Part 1), cash equivalents ($..........0, Schedule E-Part 2) and short-term investments ($.....3,499,515, Schedule DA)	13,086,081		13,086,081	5,064,659
6. Contract loans (including $..........0 premium notes)			0	
7. Derivatives (Schedule DB)			0	
8. Other invested assets (Schedule BA)	1,000		1,000	1,000
9. Receivables for securities	46,102		46,102	1,177
10. Securities lending reinvested collateral assets (Schedule DL)			0	
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	236,275,661	0	236,275,661	224,128,948
13. Title plants less $..........0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	1,875,652		1,875,652	1,969,646
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	144,071		144,071	3,676
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $..........0 earned but unbilled premiums)	14,866,609		14,866,609	15,221,832
15.3 Accrued retrospective premiums			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	197,854		197,854	1,520,057
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans			0	
18.1 Current federal and foreign income tax recoverable and interest thereon			0	
18.2 Net deferred tax asset	3,257,207		3,257,207	2,799,692
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software	541,683	362,717	178,966	384,169
21. Furniture and equipment, including health care delivery assets ($..........0)	326,027	326,027	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates	65,402		65,402	24,648
24. Health care ($..........0) and other amounts receivable			0	
25. Aggregate write-ins for other than invested assets	747,729	202,752	544,977	440,164
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	258,297,895	891,496	257,406,399	246,492,832
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. TOTALS (Lines 26 and 27)	258,297,895	891,496	257,406,399	246,492,832

DETAILS OF WRITE-INS

1101.			0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. OTHER RECEIVABLES	747,729	202,752	544,977	440,164
2502.			0	
2503.			0	
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	747,729	202,752	544,977	440,164

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	62,900,883	66,095,911
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	35,703,456	32,874,947
4.	Commissions payable, contingent commissions and other similar charges	29,689	33,856
5.	Other expenses (excluding taxes, licenses and fees)	501,870	695,605
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	126,870	167,773
7.1	Current federal and foreign income taxes (including $.....714,426 on realized capital gains (losses))	1,948,257	4,687,602
7.2	Net deferred tax liability		
8.	Borrowed money $..........0 and interest thereon $..........0		
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $.....5,209,832 and including warranty reserves of $..........0 and accrued accident and health experience rating refunds including $..........0 for medical loss ratio rebate per the Public Health Service Act)	21,259,616	21,580,691
10.	Advance premium	195,554	223,868
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	202,101	77,999
12.	Ceded reinsurance premiums payable (net of ceding commissions)	4,664,017	4,700,383
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14.	Amounts withheld or retained by company for account of others	1,835,865	1,815,707
15.	Remittances and items not allocated		
16.	Provision for reinsurance (including $...........0 certified) (Schedule F, Part 8)		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding		
19.	Payable to parent, subsidiaries and affiliates		
20.	Derivatives		
21.	Payable for securities		32,394
22.	Payable for securities lending		
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $...........0 and interest thereon $..........0		
25.	Aggregate write-ins for liabilities	3,399,507	3,173,440
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	132,767,685	136,160,176
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	132,767,685	136,160,176
29.	Aggregate write-ins for special surplus funds	0	0
30.	Common capital stock		
31.	Preferred capital stock		
32.	Aggregate write-ins for other than special surplus funds	0	0
33.	Surplus notes	10,000,000	10,000,000
34.	Gross paid in and contributed surplus		
35.	Unassigned funds (surplus)	114,638,714	100,332,656
36.	Less treasury stock, at cost:		
	36.1 ....0.000 shares common (value included in Line 30 $..........0)		
	36.2 ....0.000 shares preferred (value included in Line 31 $..........0)		
37.	Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	124,638,714	110,332,656
38.	TOTALS (Page 2, Line 28, Col. 3)	257,406,399	246,492,832

DETAILS OF WRITE-INS

2501.	OTHER PAYABLES	3,399,507	3,173,440
2502.			
2503.			
2598.	Summary of remaining write-ins for Line 25 from overflow page	0	0
2599.	Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	3,399,507	3,173,440
2901.			
2902.			
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0
2999.	Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0
3201.			
3202.			
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page	0	0
3299.	Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above)	0	0

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	35,872,106	40,268,416
	DEDUCTIONS		
2.	Losses incurred (Part 2, Line 35, Column 7)	7,845,056	2,084,632
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	12,114,137	17,186,521
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	10,125,328	9,938,052
5.	Aggregate write-ins for underwriting deductions	1	537
6.	Total underwriting deductions (Lines 2 through 5)	30,084,522	29,209,742
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	5,787,584	11,058,674
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	7,470,686	7,096,261
10.	Net realized capital gains (losses) less capital gains tax of $.....1,755,465 (Exhibit of Capital Gains (Losses))	3,194,497	901,437
11.	Net investment gain (loss) (Lines 9 + 10)	10,665,183	7,997,698
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $..........0 amount charged off $..........0)	0	
13.	Finance and service charges not included in premiums	42,425	45,295
14.	Aggregate write-ins for miscellaneous income	12,566	11,570
15.	Total other income (Lines 12 through 14)	54,991	56,865
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	16,507,758	19,113,237
17.	Dividends to policyholders	3,584,840	1,298,890
18.	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	12,922,918	17,814,347
19.	Federal and foreign income taxes incurred	3,031,446	4,688,136
20.	Net income (Line 18 minus Line 19) (to Line 22)	9,891,472	13,126,211
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	110,332,656	97,699,822
22.	Net income (from Line 20)	9,891,472	13,126,211
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $..........0	3,638,194	(444,996)
25.	Change in net unrealized foreign exchange capital gain (loss)		
26.	Change in net deferred income tax	(923,240)	(164,493)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3)	1,355,374	108,966
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29.	Change in surplus notes		
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles	316,505	
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in		
	33.2 Transferred to capital (Stock Dividend)		
	33.3. Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders		
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus	27,753	7,146
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	14,306,058	12,632,834
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	124,638,714	110,332,656

DETAILS OF WRITE-INS

0501.	BAD DEBT EXPENSE	1	537
0502.			
0503.			
0598.	Summary of remaining write-ins for Line 5 from overflow page	0	0
0599.	Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	1	537
1401.	MISCELLANEOUS	12,566	11,570
1402.			
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0
1499.	Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	12,566	11,570
3701.	NON VESTED PENSION BENEFITS	27,753	7,146
3702.			
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page	0	0
3799.	Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above)	27,753	7,146

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	35,749,903	36,380,620
2. Net investment income	8,644,622	8,407,676
3. Miscellaneous income	54,991	56,865
4. Total (Lines 1 through 3)	44,449,516	44,845,161
5. Benefit and loss related payments	9,717,881	15,510,560
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	19,643,374	18,544,583
8. Dividends paid to policyholders	3,460,738	1,370,426
9. Federal and foreign income taxes paid (recovered) net of $.....1,744,648 tax on capital gains (losses)	7,526,256	1,650,512
10. Total (Lines 5 through 9)	40,348,249	37,076,081
11. Net cash from operations (Line 4 minus Line 10)	4,101,267	7,769,080
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	89,044,643	68,152,243
12.2 Stocks	1,268,490	1,415,343
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		162,140
12.8 Total investment proceeds (Lines 12.1 to 12.7)	90,313,133	69,729,726
13. Cost of investments acquired (long-term only):		
13.1 Bonds	85,400,967	76,287,540
13.2 Stocks	1,430,872	4,896,799
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications	109,399	
13.7 Total investments acquired (Lines 13.1 to 13.6)	86,941,238	81,184,339
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)	3,371,895	(11,454,613)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	548,261	206,623
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	548,261	206,623
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	8,021,423	(3,478,909)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	5,064,659	8,543,568
19.2 End of year (Line 18 plus Line 19.1)	13,086,082	5,064,659

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire				0
2.	Allied lines				0
3.	Farmowners multiple peril				0
4.	Homeowners multiple peril				0
5.	Commercial multiple peril				0
6.	Mortgage guaranty				0
8.	Ocean marine				0
9.	Inland marine				0
10.	Financial guaranty				0
11.1	Medical professional liability - occurrence	2,438,714	1,629,464	1,462,767	2,605,411
11.2	Medical professional liability - claims-made	32,380,851	19,501,025	19,337,690	32,544,186
12.	Earthquake				0
13.	Group accident and health				0
14.	Credit accident and health (group and individual)				0
15.	Other accident and health				0
16.	Workers' compensation				0
17.1	Other liability - occurrence	713,207	441,949	450,938	704,218
17.2	Other liability - claims-made	18,259	8,253	8,221	18,291
17.3	Excess workers' compensation				0
18.1	Products liability - occurrence				0
18.2	Products liability - claims-made				0
19.1, 19.2	Private passenger auto liability				0
19.3, 19.4	Commercial auto liability				0
21.	Auto physical damage				0
22.	Aircraft (all perils)				0
23.	Fidelity				0
24.	Surety				0
26.	Burglary and theft				0
27.	Boiler and machinery				0
28.	Credit				0
29.	International				0
30.	Warranty				0
31.	Reinsurance - nonproportional assumed property				0
32.	Reinsurance - nonproportional assumed liability				0
33.	Reinsurance - nonproportional assumed financial lines				0
34.	Aggregate write-ins for other lines of business	0	0	0	0
35.	TOTALS	35,551,031	21,580,691	21,259,616	35,872,106

DETAILS OF WRITE-INS

3401.					0
3402.					0
3403.					0
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire					0
2.	Allied lines					0
3.	Farmowners multiple peril					0
4.	Homeowners multiple peril					0
5.	Commercial multiple peril					0
6.	Mortgage guaranty					0
8.	Ocean marine					0
9.	Inland marine					0
10.	Financial guaranty					0
11.1	Medical professional liability - occurrence		1,462,767			1,462,767
11.2	Medical professional liability - claims-made	19,337,690				19,337,690
12.	Earthquake					0
13.	Group accident and health					0
14.	Credit accident and health (group and individual)					0
15.	Other accident and health					0
16.	Workers' compensation					0
17.1	Other liability - occurrence	450,938				450,938
17.2	Other liability - claims-made	8,221				8,221
17.3	Excess workers' compensation					0
18.1	Products liability - occurrence					0
18.2	Products liability - claims-made					0
19.1, 19.2	Private passenger auto liability					0
19.3, 19.4	Commercial auto liability					0
21.	Auto physical damage					0
22.	Aircraft (all perils)					0
23.	Fidelity					0
24.	Surety					0
26.	Burglary and theft					0
27.	Boiler and machinery					0
28.	Credit					0
29.	International					0
30.	Warranty					0
31.	Reinsurance - nonproportional assumed property					0
32.	Reinsurance - nonproportional assumed liability					0
33.	Reinsurance - nonproportional assumed financial lines					0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0
35.	TOTALS	19,796,849	1,462,767	0	0	21,259,616
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					0
38.	Balance (sum of Lines 35 through 37)					21,259,616

DETAILS OF WRITE-INS

		1	2	3	4	5
3401.						0
3402.						0
3403.						0
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above)	0	0	0	0	0

(a) State here basis of computation used in each case: Col 1 Basis: Daily pro rata; Col 2 Basis: Extended reporting endorsements - Actuarially determined

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

	Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
1.	Fire						0
2.	Allied lines						0
3.	Farmowners multiple peril						0
4.	Homeowners multiple peril						0
5.	Commercial multiple peril						0
6.	Mortgage guaranty						0
8.	Ocean marine						0
9.	Inland marine						0
10.	Financial guaranty						0
11.1	Medical professional liability - occurrence	2,873,758				435,044	2,438,714
11.2	Medical professional liability - claims-made	41,047,661				8,666,810	32,380,851
12.	Earthquake						0
13.	Group accident and health						0
14.	Credit accident and health (group and individual)						0
15.	Other accident and health						0
16.	Workers' compensation						0
17.1	Other liability - occurrence	812,490				99,283	713,207
17.2	Other liability - claims-made	30,000				11,741	18,259
17.3	Excess workers' compensation						0
18.1	Products liability - occurrence						0
18.2	Products liability - claims-made						0
19.1, 19.2	Private passenger auto liability						0
19.3, 19.4	Commercial auto liability						0
21.	Auto physical damage						0
22.	Aircraft (all perils)						0
23.	Fidelity						0
24.	Surety						0
26.	Burglary and theft						0
27.	Boiler and machinery						0
28.	Credit						0
29.	International						0
30.	Warranty						0
31.	Reinsurance - nonproportional assumed property	XXX					0
32.	Reinsurance - nonproportional assumed liability	XXX					0
33.	Reinsurance - nonproportional assumed financial lines	XXX					0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0
35.	TOTALS	44,763,909	0	0	0	9,212,878	35,551,031

DETAILS OF WRITE-INS

3401.							0
3402.							0
3403.							0
3498.	Summary of remaining write-ins for Line 34 from overflow page.	0	0	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No [X]

If yes: 1. The amount of such installment premiums $..........0.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $..........0.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

	Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire				0			0	
2.	Allied lines				0			0	
3.	Farmowners multiple peril				0			0	
4.	Homeowners multiple peril				0			0	
5.	Commercial multiple peril				0			0	
6.	Mortgage guaranty				0			0	
8.	Ocean marine				0			0	
9.	Inland marine				0			0	
10.	Financial guaranty				0			0	
11.1	Medical professional liability - occurrence	1,177,500		250,000	927,500	6,125,013	5,903,104	1,149,409	44.1
11.2	Medical professional liability - claims-made	11,497,161		1,524,858	9,972,303	55,848,452	59,258,915	6,561,840	20.2
12.	Earthquake				0			0	
13.	Group accident and health				0			0	
14.	Credit accident and health (group and individual)				0			0	
15.	Other accident and health				0			0	
16.	Workers' compensation				0			0	
17.1	Other liability - occurrence	140,281			140,281	927,418	933,892	133,807	19.0
17.2	Other liability - claims-made				0			0	
17.3	Excess workers' compensation				0			0	
18.1	Products liability - occurrence				0			0	
18.2	Products liability - claims-made				0			0	
19.1, 19.2	Private passenger auto liability				0			0	
19.3, 19.4	Commercial auto liability				0			0	
21.	Auto physical damage				0			0	
22.	Aircraft (all perils)				0			0	
23.	Fidelity				0			0	
24.	Surety				0			0	
26.	Burglary and theft				0			0	
27.	Boiler and machinery				0			0	
28.	Credit				0			0	
29.	International				0			0	
30.	Warranty				0			0	
31.	Reinsurance - nonproportional assumed property	XXX			0			0	
32.	Reinsurance - nonproportional assumed liability	XXX			0			0	
33.	Reinsurance - nonproportional assumed financial lines	XXX			0			0	
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	
35.	TOTALS	12,814,942	0	1,774,858	11,040,084	62,900,883	66,095,911	7,845,056	21.9

DETAILS OF WRITE-INS

		1	2	3	4	5	6	7	8
3401.					0			0	
3402.					0			0	
3403.					0			0	
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	XXX
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0	0	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

		Reported Losses				Incurred But Not Reported			8	9
	Line of Business	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire				0				0	
2.	Allied lines				0				0	
3.	Farmowners multiple peril				0				0	
4.	Homeowners multiple peril				0				0	
5.	Commercial multiple peril				0				0	
6.	Mortgage guaranty				0				0	
8.	Ocean marine				0				0	
9.	Inland marine				0				0	
10.	Financial guaranty				0				0	
11.1	Medical professional liability - occurrence	2,381,000		250,000	2,131,000	4,278,941		284,928	6,125,013	2,714,910
11.2	Medical professional liability - claims-made	32,410,019		1,650,000	30,760,019	36,037,867		10,949,434	55,848,452	32,143,555
12.	Earthquake				0				0	
13.	Group accident and health				0				(a) 0	
14.	Credit accident and health (group and individual)				0				0	
15.	Other accident and health				0				(a) 0	
16.	Workers' compensation				0				0	
17.1	Other liability - occurrence	635,310			635,310	292,108			927,418	604,775
17.2	Other liability - claims-made				0				0	240,216
17.3	Excess workers' compensation				0				0	
18.1	Products liability - occurrence				0				0	
18.2	Products liability - claims-made				0				0	
19.1, 19.2	Private passenger auto liability				0				0	
19.3, 19.4	Commercial auto liability				0				0	
21.	Auto physical damage				0				0	
22.	Aircraft (all perils)				0				0	
23.	Fidelity				0				0	
24.	Surety				0				0	
26.	Burglary and theft				0				0	
27.	Boiler and machinery				0				0	
28.	Credit				0				0	
29.	International				0				0	
30.	Warranty				0				0	
31.	Reinsurance - nonproportional assumed property	XXX			0	XXX			0	
32.	Reinsurance - nonproportional assumed liability	XXX			0	XXX			0	
33.	Reinsurance - nonproportional assumed financial lines	XXX			0	XXX			0	
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35.	TOTALS	35,426,329	0	1,900,000	33,526,329	40,608,916	0	11,234,362	62,900,883	35,703,456
	DETAILS OF WRITE-INS									
3401.					0				0	
3402.					0				0	
3403.					0				0	
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

(a) Including $..........0 for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	9,408,288			9,408,288
1.2 Reinsurance assumed				0
1.3 Reinsurance ceded	(77,473)			(77,473)
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	9,485,761	0	0	9,485,761
2. Commission and brokerage:				
2.1 Direct, excluding contingent		1,979,816		1,979,816
2.2 Reinsurance assumed, excluding contingent				0
2.3 Reinsurance ceded, excluding contingent		1,012,820		1,012,820
2.4 Contingent - direct				0
2.5 Contingent - reinsurance assumed				0
2.6 Contingent - reinsurance ceded				0
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	966,996	0	966,996
3. Allowances to manager and agents				0
4. Advertising		60,157		60,157
5. Boards, bureaus and associations		121,312		121,312
6. Surveys and underwriting reports		36,614		36,614
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries	1,375,157	4,005,275	83,045	5,463,477
8.2 Payroll taxes	82,817	241,212	5,001	329,030
9. Employee relations and welfare	333,262	970,655	20,126	1,324,043
10. Insurance	80,026	233,083	4,833	317,942
11. Directors' fees	54,397	158,437	3,285	216,119
12. Travel and travel items	51,650	133,096	2,652	187,398
13. Rent and rent items	231,127	673,178	13,957	918,262
14. Equipment	11,803	34,377	712	46,892
15. Cost or depreciation of EDP equipment and software	273,723	797,243	16,530	1,087,496
16. Printing and stationery	11,909	34,688	719	47,316
17. Postage, telephone and telegraph, exchange and express	14,485	42,190	875	57,550
18. Legal and auditing	66,289	174,667	389,182	630,138
19. Totals (Lines 3 to 18)	2,586,645	7,716,184	540,917	10,843,746
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $..........0		833,255		833,255
20.2 Insurance department licenses and fees		19,541		19,541
20.3 Gross guaranty association assessments				0
20.4 All other (excluding federal and foreign income and real estate)		42,228		42,228
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	895,024	0	895,024
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured plans				0
24. Aggregate write-ins for miscellaneous expenses	41,731	547,124	11,546	600,401
25. Total expenses incurred	12,114,137	10,125,328	552,463	(a) 22,791,928
26. Less unpaid expenses - current year	35,703,456	422,455	117,200	36,243,111
27. Add unpaid expenses - prior year	32,874,947	596,469	123,588	33,595,004
28. Amounts receivable relating to uninsured plans, prior year				0
29. Amounts receivable relating to uninsured plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	9,285,628	10,299,342	558,851	20,143,821

DETAILS OF WRITE-INS

2401. MISCELLANEOUS EXPENSE	41,731	547,124	11,546	600,401
2402.				0
2403.				0
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	41,731	547,124	11,546	600,401

(a) Includes management fees of $..........0 to affiliates and $..........0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 399,709	311,482
1.1	Bonds exempt from U.S. tax	(a) 1,620,729	1,662,506
1.2	Other bonds (unaffiliated)	(a) 5,912,853	5,859,899
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	610,523	615,937
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 4,614	4,614
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	8,548,428	8,454,438
11.	Investment expenses		(g) 552,463
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 431,289
14.	Depreciation on real estate and other invested assets		(i) 0
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		983,752
17.	Net investment income (Line 10 minus Line 16)		7,470,686

DETAILS OF WRITE-INS

0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above)		0

(a) Includes $.....191,383 accrual of discount less $.....1,277,713 amortization of premium and less $.....268,557 paid for accrued interest on purchases.
(b) Includes $..........0 accrual of discount less $..........0 amortization of premium and less $..........0 paid for accrued dividends on purchases.
(c) Includes $..........0 accrual of discount less $..........0 amortization of premium and less $..........0 paid for accrued interest on purchases.
(d) Includes $..........0 for company's occupancy of its own buildings; and excludes $..........0 interest on encumbrances.
(e) Includes $.....966 accrual of discount less $..........0 amortization of premium and less $..........0 paid for accrued interest on purchases.
(f) Includes $..........0 accrual of discount less $..........0 amortization of premium.
(g) Includes $..........0 investment expenses and $..........0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
(h) Includes $.....431,289 interest on surplus notes and $..........0 interest on capital notes.
(i) Includes $..........0 depreciation on real estate and $..........0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. government bonds	352,717		352,717	3,329	
1.1	Bonds exempt from U.S. tax	641,644		641,644		
1.2	Other bonds (unaffiliated)	3,458,169		3,458,169		
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)			0		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)	476,208	9,358	485,566	3,634,865	
2.21	Common stocks of affiliates			0		
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0		
7.	Derivative instruments			0		
8.	Other invested assets		11,866	11,866		
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	4,928,738	21,224	4,949,962	3,638,194	0

DETAILS OF WRITE-INS

0901.				0		
0902.				0		
0903.				0		
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets (Schedule DL)			0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection		48,724	48,724
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans			0
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset		1,064,250	1,064,250
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software	362,717	585,443	222,726
21. Furniture and equipment, including health care delivery assets	326,027	433,599	107,572
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivables from parent, subsidiaries and affiliates			0
24. Health care and other amounts receivable			0
25. Aggregate write-ins for other than invested assets	202,752	114,854	(87,898)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	891,496	2,246,870	1,355,374
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. TOTALS (Lines 26 and 27)	891,496	2,246,870	1,355,374

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0
2501. OTHER RECEIVABLES	62,498	2,353	(60,145)
2502. NON VESTED PENSION BENEFITS	140,254	112,501	(27,753)
2503.			0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	202,752	114,854	(87,898)

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Medical Mutual Insurance Company of Maine (Company) are presented on the basis of accounting practices prescribed or permitted by the Maine Bureau of Insurance.

The State of Maine requires insurance companies domiciled in the state to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures Manual.

There are no differences between Maine prescribed practices and NAIC statutory accounting practices (NAIC SAP) that affect the Company.

B. Use of Estimates

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities. It also requires estimates in the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenue and expenses during the period. The most significant estimates affecting the Company's financial statements involve the estimation of future indemnity losses and loss adjustment expenses to be incurred by the Company and the level of reserves required to adequately cover the estimate. Actual results could differ from these estimates.

C. Accounting Policies

Direct and ceded premiums are earned over the terms of related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct and ceded business. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

Net investment income earned consists primarily of interest and dividend income, less investment related expense and interest expense on surplus notes. Interest income is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Investment income is reported net of interest expense on surplus notes, which is $431,289 and $529,954 for the current and prior years, respectively. Interest expense on surplus notes is recognized to the extent that payment of interest has been approved by the Maine Bureau of Insurance. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed, or otherwise disposed of. Realized capital losses include writedowns for impairments considered to be other than temporary.

In addition, the Company uses the following accounting policies:

1. Investments with maturities of less than one year at the time of acquisition are considered short-term investments and are stated at amortized cost using the interest method. Non-investment grade short-term investments are stated at the lower of amortized cost or fair value.

2. Investment grade bonds not backed by other loans are stated at amortized cost using the interest method. Non-investment grade bonds with NAIC designations of 3 through 6 are stated at the lower of amortized cost or fair value. Declines in market values that are determined to be other than temporary are recorded as realized losses. The new cost basis is not changed for subsequent recoveries.

3. Common stocks, other than investments in subsidiaries and affiliates, are stated at fair value. Declines in market values that are determined to be other than temporary are recorded as realized losses. The new cost basis is not changed for subsequent recoveries.

4. Stated Basis of Preferred Stock

   Not Applicable

5. Valuation of Mortgage Loans

   Not Applicable

6. Investment grade loan-backed securities are stated at amortized cost. The retrospective adjustment method is used to value all loan-backed securities. Non-investment grade loan-backed securities are stated at the lower of amortized cost or fair value.

   The carrying value and final NAIC designation for non-agency residential mortgage-backed securities are determined using a special two-step NAIC process. Those assigned an NAIC designation in the first step of 1 or 2 are stated at amortized cost and those assigned a 3 through 6 designation are stated at the lower of amortized cost or fair value. The NAIC designation assigned under the second step of the process is reported for these securities in Schedule D and is used in the risk-based capital calculation.

7. Investments in subsidiaries (all non-insurance) are stated at GAAP equity value.

8. Investments in joint ventures and partnerships

   Not Applicable

9. Derivatives

   Not Applicable

10. The Company anticipates investment income as a factor when evaluating the need for premium deficiency reserves (see Note 30).

11. Reserves for unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and an amount, based on past experience (adjusted for expected changes in factors potentially affecting future losses), for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes reported reserves are adequate, the ultimate liability may be in excess of, or less than, the amounts provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

NOTES TO FINANCIAL STATEMENTS

A material change in actuarial approaches was made in 2011 for the analysis related to adjusting and other expenses (AO). The previous analysis utilized an approach that incorporated claim count projections along with an average AO cost per claim. The current analysis is based on a "paid-to-paid" approach in which AO payments are compared to calendar year losses and defense and containment costs (DCC), gross of reinsurance, and a prospective ratio selected. Half of the ratio is applied to the case loss and DCC, and the full ratio is applied to the IBNR loss and DCC, under the assumption that half of the AO associated with the given case reserves is paid as of the end of the current year.

12. The Company has a written capitalization policy for prepaid expenses and purchases of fixed assets. The predefined capitalization thresholds under this policy have not changed from those of the prior year.

13. Method to Estimate Pharmaceutical Rebate Receivables

    Not Applicable

Note 2 – Accounting Changes and Corrections of Errors

A. The Company adopted the provisions of SSAP 101 *Income Taxes, A Replacement of SSAP 10R and SSAP 10*, effective January 1, 2012. SSAP 101 provides new requirements for tax loss contingencies and the calculation and admissibility of deferred tax assets. The difference between the recalculated amounts as of January 1, 2012, and the amount actually reported in the prior year financial statements is treated as a change in accounting principle in accordance with SSAP 3 Accounting Changes and Corrections of Errors. The cumulative effect of this change in accounting principle resulted in a $316,505 increase in unassigned funds as of January 1, 2012.

Note 3 – Business Combinations and Goodwill

Not Applicable

Note 4 – Discontinued Operations

Not Applicable

Note 5 – Investments

A. Mortgage Loans

   Not Applicable

B. Debt Restructuring

   Not Applicable

C. Reverse Mortgages

   Not Applicable

D. Loan-Backed and Structured Securities

1. Prepayment assumptions for loan-backed and structured securities were obtained from broker dealer survey values or internal estimates.
2. The Company did not recognize any other-than-temporary impairments (OTTI) on loan-backed or structured securities during the period.
3. The Company did not hold any loan-backed or structured securities with OTTI at the end of the current period.
4. The following table summarizes unrealized losses on loan-backed securities and structured securities by the length of time that the securities have continuously been in unrealized loss positions:

a.	Aggregate amount of unrealized loss	
	1. Less than twelve months	44,446
	2. Twelve months or longer	46,929
	3. Total	91,375
b.	Aggregate fair value of securities with unrealized loss	
	1. Less than twelve months	4,644,043
	2. Twelve months or longer	1,565,052
	3. Total	6,209,095
c.	Aggregate statement value of securities with unrealized loss	
	1. Less than twelve months	4,688,489
	2. Twelve months or longer	1,611,981
	3. Total	6,300,470

5. All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether an OTTI should be recognized. For those securities in an unrealized loss position as of the end of the current period, the Company has not made a decision to sell any such securities. The Company has evaluated its cash flow requirements and believes that its liquidity is adequate and it will not be required to sell these securities before recovery of their cost basis. As of the end of the current period, the Company can assert that it has the intent and believes that it has the ability to hold these securities long enough to allow the cost basis of these securities to be recovered. The conclusions are supported by a detailed analysis of the underlying credit and cash flows on each security. Unrealized losses are primarily attributable to credit spread widening and increased liquidity discounts. It is possible that the Company could recognize OTTI in the future on some of the securities held at the end of the current period if future events, information and the passage of time cause it to conclude that declines in value are other than temporary.

NOTES TO FINANCIAL STATEMENTS

E. Repurchase Agreements and/or Securities Lending Transactions
Not Applicable

F. Real Estate
Not Applicable

G. Low Income Housing Tax Credits
Not Applicable

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

A. Detail for Those Greater than 10% of Admitted Assets
Not Applicable

B. Writedowns for Impairment of Joint Ventures, Partnerships and LLCs
Not Applicable

Note 7 – Investment Income

A. Accrued Investment Income
The Company does not admit investment income due and accrued if amounts are over 90 days past due.

B. Amounts Nonadmitted
Not Applicable

Note 8 – Derivative Investments

Not Applicable

Note 9 Income Taxes

A. Deferred Tax Assets/(Liabilities)

1. Components of Net Deferred Tax Asset/(Liability)

	2012			2011			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	5,310,912	505,660	5,816,572	5,124,266	517,273	5,641,539	186,646	(11,613)	175,033
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	5,310,912	505,660	5,816,572	5,124,266	517,273	5,641,539	186,646	(11,613)	175,033
d. Deferred tax assets nonadmitted				1,380,755		1,380,755	(1,380,755)		(1,380,755)
e. Subtotal net admitted deferred tax asset (1c-1d)	5,310,912	505,660	5,816,572	3,743,511	517,273	4,260,784	1,567,401	(11,613)	1,555,788
f. Deferred tax liabilities	257,004	2,302,361	2,559,365	394,585	1,066,507	1,461,092	(137,581)	1,235,854	1,098,273
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	5,053,908	(1,796,701)	3,257,207	3,348,926	(549,234)	2,799,692	1,704,982	(1,247,467)	457,515

2. Admission Calculation Components

	2012			2011			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	2,860,951		2,860,951	2,799,692		2,799,692	61,259		61,259
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below:	75,492	505,660	581,152				75,492	505,660	581,152
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	75,492	505,660	581,152	(517,273)	517,273		592,765	(11,613)	581,152
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	17,585,792	XXX	XXX	14,246,804	XXX	XXX	3,338,988
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	2,374,469		2,374,469	943,819	517,273	1,461,092	1,430,650	(517,273)	913,377
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c)	5,310,912	505,660	5,816,572	3,743,511	517,273	4,260,784	1,567,401	(11,613)	1,555,788

3. Other Admissibility Criteria

		2012	2011
a.	Ratio percentage used to determine recovery period and threshold limitation amount	1286%	1149%
b.	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	117,238,614	94,978,694

NOTES TO FINANCIAL STATEMENTS

4. Impact of Tax Planning Strategies

	2012			2011			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Adjusted gross DTAs (% of total adjusted gross DTAs)	0.0%	8.7%	8.7%	0.0%	9.2%	9.2%	0.0%	(0.5)%	(0.5)%
b. Net admitted adjusted gross DTAs (% of total net admitted adjusted gross DTAs)	0.0%	8.7%	8.7%	0.0%	12.1%	12.1%	0.0%	(3.4)%	(3.4)%

3. Does the company's tax planning strategies include the use of reinsurance? No

B. Deferred Tax Liabilities Not Recognized

Not Applicable

C. Current and Deferred Income Taxes

1. Current Income Tax

	1 2012	2 2011	3 (Col 1-2) Change
a. Federal	3,031,446	4,688,136	(1,656,690)
b. Foreign			
c. Subtotal	3,031,446	4,688,136	(1,656,690)
d. Federal income tax on net capital gains	1,755,465	827,843	927,622
e. Utilization of capital loss carry-forwards			
f. Other			
g. Federal and Foreign income taxes incurred	4,786,911	5,515,979	(729,068)

2. Deferred Tax Assets

	1 2012	2 2011	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	2,503,260	2,453,274	49,986
2. Unearned premium reserve	1,458,952	1,482,710	(23,758)
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets			
8. Compensation and benefits accrual	1,146,646	1,074,363	72,283
9. Pension accrual			
10. Receivables - nonadmitted			
11. Net operating loss carry-forward			
12. Tax credit carry-forward			
13. Other (including items <5% of total ordinary tax assets)	202,054	113,919	88,135
99. Subtotal	5,310,912	5,124,266	186,646
b. Statutory valuation allowance adjustment			
c. Nonadmitted		1,380,755	(1,380,755)
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	5,310,912	3,743,511	1,567,401
e. Capital:			
1. Investments	505,660	517,273	(11,613)
2. Net capital loss carry-forward			
3. Real estate			
4. Other (including items <5% of total capital tax assets)			
99. Subtotal	505,660	517,273	(11,613)
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)	505,660	517,273	(11,613)
i. Admitted deferred tax assets (2d+2h)	5,816,572	4,260,784	1,555,788

NOTES TO FINANCIAL STATEMENTS

3. Deferred Tax Liabilities

	1 2012	2 2011	3 (Col 1–2) Change
a. Ordinary:			
1. Investments	152,245	162,711	(10,466)
2. Fixed assets	104,759	231,874	(127,115)
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (including items <5% of total ordinary tax assets)			
99. Subtotal	257,004	394,585	(137,581)
b. Capital:			
1. Investments	2,302,361	1,066,507	1,235,854
2. Real estate			
3. Other (including items <5% of total capital tax assets)			
99. Subtotal	2,302,361	1,066,507	1,235,854
c. Deferred tax liabilities (3a99+3b99)	2,559,365	1,461,092	1,098,273

4.

Net Deferred Tax Assets (2i – 3c)	3,257,207	2,799,692	457,515

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

Among the more significant book to tax adjustments were the following:

	2012	
	Amount	Effective Tax Rate (%)
Permanent Differences:		
Provision computed at statutory rate	4,986,616	34.0
Proration of tax exempt investment income	100,836	0.7
Tax exempt income deduction	(565,252)	(3.9)
Dividends received deduction	(106,987)	(0.7)
Disallowed travel and entertainment	4,897	0.0
Other permanent differences	8,730	0.1
Temporary Differences:		
Total ordinary DTAs		0.0
Total ordinary DTLs		0.0
Total capital DTAs	(11,612)	(0.1)
Total capital DTLs		0.0
Other:		
Statutory valuation allowance adjustment		0.0
Accrual adjustment – prior year	6,003	0.0
Other	39,453	0.3
Totals	4,462,684	30.4
Federal and foreign income taxes incurred	3,031,446	21.0
Realized capital gains (losses) tax	1,755,465	11.6
Change in net deferred income taxes	(324,227)	(2.2)
Total statutory income taxes	4,462,684	30.4

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

1. At December 31, 2012, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.

2. The following is income tax expense for 2012 and 2011 that is available for recoupment in the event of future net losses:

Year	Amount
2012	4,786,911
2011	5,515,979

3. The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

F. Consolidated Federal Income Tax Return

1. The Company's federal income tax return is consolidated with the following entities:

   Specialty Insurance Placement Services, LLC

2. The method of allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled periodically.

NOTES TO FINANCIAL STATEMENTS

G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

Note 10 – Information Concerning Parent, Subsidiaries and Affiliates and Other Related Parties

A. Nature of Relationships

The Company owns 100% of its noninsurance subsidiary, MMIC Services Company, LLC.
MMIC Services Company, LLC owns 100% of its subsidiary, Specialty Insurance Placement Services, LLC.

The Company sponsored the creation of a risk retention group named BeaconHarbor Mutual Risk Retention Group ("BeaconHarbor") and received a surplus note from BeaconHarbor for a maximum amount of $1,000,000, to be funded as needed.

B. Detail of Transactions Greater than ½% of Admitted Assets

Not Applicable

C. Changes in Terms of Intercompany Arrangements

The Company entered into a reinsurance contract to its affiliate, BeaconHarbor, and agreed to provide certain management and administration services to BeaconHarbor.

D. Amounts Due to or from Related Parties

The Company reported the following as amounts due from its subsidiaries and affiliates in the current and prior years:

Subsidiary Name	2012	2011
MMIC Services Company, LLC	660	660
Specialty Insurance Placement Services, LLC	14,743	23,988
BeaconHarbor Mutual Risk Retention Group	50,000	0

E. Guarantees on Contingencies for Related Companies

The Company issued a surplus note to its sponsored RRG, Beaconharbor, which is funded based on the operating needs of BeaconHarbor. Also see Note 14A.

F. Management Service Contracts, Cost Sharing Arrangements

The Company provides certain management services to subsidiary and affiliated companies under management agreements entered into with each Company.

G. Nature of Relationships that Could Affect Operations

The Company owns 100% of all subsidiary companies. The Company reinsures its sponsored RRG, BeaconHarbor, and is obligated to fund surplus for BeaconHarbor, up to a maximum amount of $1,000,000.

H. Amount Deducted for Investment in Upstream Company

Not Applicable

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets

Not Applicable

J. Write down for Impairments of Investments in Affiliates

The Company did not recognize any impairment for its investments in its subsidiaries during the statement period.

K. Investment in Foreign Insurance Subsidiaries Valued Using CARVM

Not Applicable

L. Investment in Downstream Noninsurance Holding Company Valued Using Look-Through Method

Not Applicable

Note 11 – Debt

A. On March 1, 2006, the Company issued a surplus note in the amount of $10,000,000. See Note 13K for details.

The Company maintains an unsecured $2,000,000 line of credit with a local bank. There was no outstanding balance on the line of credit at the end of the current year. Interest on any outstanding balance is charged at Prime. The effective interest rate is equivalent to the stated rate. There was interest expense of $5,740 incurred relative to the line of credit during the current year. The Company is required to carry a zero balance on the line of credit for 30 days within each year.

B. Funding Agreements with Federal Home Loan Banks (FHLB)

Not Applicable

Note 12 – Retirement Plans, Deferred Compensation, Post Employment Benefits and Compensated Absences and Other Post Retirement Benefit Plans

A. Defined Benefit Plan

Not Applicable

NOTES TO FINANCIAL STATEMENTS

B. Defined Contribution Plan

The Company sponsors a 401(k) plan covering substantially all employees of the Company and affiliated companies. See Note 12D for further information.

C. Multiemployer Plans

Not Applicable

D. Consolidated/Holding Company Plans

The Company sponsors a 401(k) plan covering substantially all employees of the Company and affiliated companies. The plan has two components, employee funding and employer discretionary contributions. The employer discretionary portion is 100% funded by the Company at 9% of the first $15,000 salary and 13.3% for salary in excess of $15,000, up to maximum allowable earnings prescribed under Federal regulations. Contributions are made to the plan quarterly. In 2012 and 2011, the Company expensed $584,536 and $601,918, respectively, for required funding. The Company has no legal obligation to pay benefits under the employer discretionary part of the plan.

The Company sponsors a non-qualified supplemental pension plan for employees who have earnings in excess of federally allowed limits for contributions to the defined contribution plan. Participants in the plan are general creditors of the Company. The Company pays participants interest at a rate tracking mutual fund returns as selected by the participants, or at Prime rate as published in the Wall Street Journal on the first business day of the calendar year, based on participants' written elections. Contributions are made quarterly, and are computed at the same rate applicable to the employer discretionary part of the plan. In 2012 and 2011, the Company expensed $97,597 and $88,529, respectively, to fund the plan.

The Company sponsors a non-qualified deferred compensation plan for employees and directors. The plan allows participants to defer receipt of compensation until a future date. Participants in the plan are general creditors of the Company. The Company pays participants interest at a rate tracking mutual fund returns as selected by the participants, or at Prime rate as published in the Wall Street Journal on the first business day of the calendar year, based on participants' written elections. In 2012 and 2011, the Company credited interest to participants totaling $90,951 and $76,069, respectively.

E. Postemployment Benefits and Compensated Absences

The Company has no obligations to current or former employees for benefits after termination of their employment, but before their retirement, other than for compensation related to earned vacation. The liability for earned but untaken vacation has been accrued.

F. Impact of Medicare Modernization Act on Postretirement Benefits

The Company has no obligations to former employees for benefits after their retirement.

Note 13 – Capital and Surplus, Dividend Restrictions and Quasi-Reorganization

A. Outstanding Shares

Not Applicable

B. Dividend Rate of Preferred Stock

Not Applicable

C., D., E. and F. Dividend Restrictions

Dividends are paid to members as declared by the Company's Board of Directors. Maine insurance regulations allow dividends to be paid out of retained earnings to the extent that such amounts exceed surplus required by law to be maintained by the insurer. The regulations require that any dividend declaration that exceeds the greater of 10% of policyholders' surplus at the end of the prior year, or net operating income for the prior year, must be pre-approved by the insurance superintendent. Accordingly, $12,463,871 of dividends can be declared without prior approval. Dividends of $3,584,840 and $1,298,890 were declared in 2012 and 2011, respectively.

G. Mutual Surplus Advances

Not Applicable

H. Company Stock Held for Special Purposes

Not Applicable

I. Changes in Special Surplus Funds

Not Applicable

J. Changes in Unassigned Funds

The portion of unassigned funds (surplus) represented, or reduced by, cumulative unrealized capital gains (losses) is $6,771,650.

K. Surplus Notes

Date Issued	Interest Rate *	Par Value (Face Amount of Note)	Carrying Value of Note	Principal and/or Interest Paid Current Year	Total Principal and/or Interest Paid	Unapproved Principal and/or Interest	Date of Maturity **
3/1/2006	4.14%	10,000,000	10,000,000	431,289	5,185,043	0	3/15/2036

* The rate at which interest accrues was fixed at 8.82% for the first five years, and then is variable based on the 3 Month LIBOR rate, plus 3.75%.

NOTES TO FINANCIAL STATEMENTS

** The term of the note is 30 years, with a final maturity date of March 15, 2036. After an initial five year term, the Company may elect to redeem any principal amount, in multiples of $1,000, on each interest payment due date. Redemption of the note will be at par, plus accrued unpaid interest.

A surplus note in the amount of $10,000,000 was issued March 1, 2006 in exchange for cash, net of issuance costs of $302,000. The note was underwritten by First Tennessee Bank, N.A., and is administered by Wilmington Trust Company as trustee.

Each payment of principal and interest may be made only with the prior approval of the Maine Bureau of Insurance and only to the extent the Company has sufficient policyholders' surplus to make such payment. In the event of a liquidation proceeding, policy claims and all amounts due on senior indebtedness shall first be paid in full before any payment is made on account of the surplus note. The payment of principal and interest on the note is subordinate in right of payment to the prior payment in full of all policy claims and senior indebtedness of the Company. The payments are not subordinate to the claims of any other holder of a surplus note.

L. and M. Quasi Reorganizations

Not Applicable

Note 14 – Contingencies

A. Contingent Commitments

1. Capital commitments

The Company received a surplus note from its sponsored RRG, BeaconHarbor, which is to be funded based on the operating needs of BeaconHarbor, up to a maximum amount of $1,000,000. As of the end of the current year, the Company had a contingent commitment balance of $950,000.

2. Detail of other contingent commitments

(1)	(2)	(3)	(4)	(5)
Nature and circumstances of guarantee and key attributes, including date and duration of agreement	**Liability recognition of guarantee**	**Ultimate financial statement impact if action under guarantee required**	**Maximum potential amount of future payments guarantor could be required to make**	**Current status of payment or performance risk of guarantee**
Guarantees of certain premium financing arrangements between insureds and a local bank. The bank loans are secured by an interest in the underlying policies; therefore, the exposure to the Company is for amounts in excess of unearned premiums on each policy financed.	There is no liability recognition of guarantee since due to the improbable risk of loss, the fair value of the liability is zero.	Expense	16,246	The program was terminated with the bank, effective November 30, 2010. The risk of loss is not significant. The Company did not charge any amount to bad debt expense in the current or prior year.

3. Summary of detail in 14.A.2:

	(1) Description	(2) Amount
a.	Aggregated maximum potential amount of future payments guarantor could be required to make	16,246
b.	Current liability recognized in financial statements:	
1.	Noncontingent liabilities	
2.	Contingent liabilities	
c.	Ultimate financial statement impact if action under guarantee required	
3.	Investments in SCA	
4.	Joint venture	
5.	Dividends to stockholders (capital contributions)	
6.	Expense	16,246
7.	Other	
8.	Totals	16,246

B. Guaranty Fund and Other Assessments

1. Liability and related asset

The Company is subject to guaranty fund and other assessments by the states in which it writes business (Maine, Massachusetts, New Hampshire, and Vermont). The Company has not accrued a liability for guaranty fund assessments since the assessments/benefits are paid/received concurrent with notice by the states. Guaranty fund assessments are accrued by the states at the time of insolvencies. The Company recorded no benefit or expense in 2012, and a benefit of $220,929 for guaranty fund assessment refunds was recorded in 2011.

NOTES TO FINANCIAL STATEMENTS

The Company has no significant liability for other assessments.

2. Rollforward of related asset
Not Applicable

C. Gain Contingencies
Not Applicable

D. Extra Contractual Obligation and Bad Faith Losses
Not Applicable

E. Product Warranties
Not Applicable

F. All Other Contingencies
Lawsuits against the Company can arise in the normal course of business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company. The Company has no contingent liability under certain structured settlement agreements (see Note 27A).

Note 15 – Leases

A. Lessee Leasing Arrangements

1. The Company leases office space under non-cancelable operating leases that expire in December 2014. Rental expenses for 2012 and 2011 were approximately $743,731 and $734,803, respectively.

2. Future minimum rental payments are as follows:

Year	Amount
2013	707,000
2014	724,000
Total	1,431,000

Rental commitments have renewal options extending through the year 2024. The renewal options are subject to adjustments in future periods.

3. The Company has not entered into any sale and leaseback arrangements.

B. Lessor Leasing Arrangements
Not Applicable

Note 16 – Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not Applicable

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfer of Receivables Reported as Sales
Not Applicable

B. Transfer and Servicing of Financial Assets
Not Applicable

C. Wash Sales
Not Applicable

Note 18 – Gain or Loss from Uninsured Plans and Uninsured Portion of Partially Insured Plans

Not Applicable

Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not Applicable

Note 20 – Fair Value Measurements

A. Inputs Used for Assets and Liabilities Measured at Fair Value

1. Fair Value Measurements by Levels 1, 2 and 3

The Company has categorized its assets and liabilities that are measured at fair value into the three-level fair value hierarchy as reflected in the table below. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows:

Level 1 – Quoted Prices in Active Markets for Identical Assets and Liabilities: This category, for items measured at fair value on a recurring basis, includes exchange-traded and common stocks. The estimated fair value of the equity securities and derivatives within this category are based on quoted prices in active markets and are thus classified as Level 1.

NOTES TO FINANCIAL STATEMENTS

Level 2 – Significant Other Observable Inputs: The Company has no assets or liabilities measured at fair value in this category.

Level 3 – Significant Unobservable Inputs: The Company has no assets or liabilities measured at fair value in this category.

1 Description	2 Level 1	3 Level 2	4 Level 3	5 Total
Assets at fair value				
Bonds				
Preferred stocks				
Common stocks				
Industrial and miscellaneous	27,854,496			27,854,496
Mutual funds	2,882,650			2,882,650
Total common stocks	30,737,146			30,737,146
Total assets at fair value	30,737,146			30,737,146
Liabilities at fair value	0			0

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1 and 2. This policy also applies to transfers into or out of Level 3 as stated in paragraph 3 below.

2. Rollforward of Level 3 Items

   Not Applicable

3. Policy on Transfers Into and Out of Level 3

   At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the current year, no transfers into or out of Level 3 were required.

4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values

   The Company has no assets or liabilities measured at fair value in the Level 2 or Level 3 categories.

5. Derivative Fair Value

   Not Applicable

B. Other Fair Value Disclosures

Not Applicable

C. Fair Value for All Financial Instruments by Levels 1, 2 and 3

The table below reflects the fair values and admitted assets and liabilities that are financial instruments, excluding those accounted for under the equity method (subsidiaries, joint ventures and ventures). The fair values are also categorized into the three-level fair value hierarchy as described above in Note 20A.

Type of Financial Instrument	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Financial instruments - assets						
Bonds	208,930,933	192,405,332	193,745,408	15,185,525		
Common stocks	30,737,146	30,737,146	30,737,146			
Cash, cash equivalents and short-term investments	13,086,081	13,086,081	13,086,081			
Total assets	252,754,160	236,228,559	237,568,635	15,185,525	0	0
Financial instruments - liabilities						
None						
Total liabilities	0	0	0	0	0	0

D. Not Practicable to Estimate Fair Value

Not Applicable

Note 21 – Other Items

A. Extraordinary Items

Not Applicable

B. Troubled Debt Restructuring for Debtors

Not Applicable

C. Other Disclosures

Assets in the amount of $206,076 and $205,015 at the end of the current and prior years, respectively, were on deposit with government authorities or trustees as required by law.

NOTES TO FINANCIAL STATEMENTS

D. Uncollectible Premiums Receivable

At the end of the current and prior year, the Company had admitted assets of $15,010,680 and $15,225,508, respectively, in premiums receivable due from policyholders. The Company routinely assesses the collectibility of these receivables. Based upon Company experience, any uncollectible premiums receivable as of the end of the current year are not expected to exceed the non-admitted amount of $0 and, therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company's financial condition.

E. Business Interruption Insurance Recoveries

Not Applicable

F. State Transferable Tax Credits

Not Applicable

G. Subprime Mortgage Related Risk Exposure

1. Subprime Mortgage Exposures

The Company invests in several asset classes that could be adversely impacted by subprime mortgage exposure including mortgage-backed securities and equity investments in financial institutions. In addition, all investment classes are impacted by market exposure to adverse news in the economy. Conservative investment guidelines limit the Company's exposure to such losses.

The Company identifies non-agency mortgage and asset-backed securities as "subprime" if the underlying collateral consists of residential mortgage or home-equity loans with an average credit score of 660 or lower at the time of origination. Securitized products, such as CDO's (Collateralized Debt Obligations), where a significant fraction of the collateral consists of "subprime" ABS, CMOs or other "subprime" CDOs, would also be considered "subprime."

Subprime risk is measured in terms of both potential mark-to-market losses as well as principal writedowns, with current "exposure" being best defined as the total face amount outstanding on mortgage-backed issues deemed to be "subprime" using the definition above. Top-down risk management strategies include strict limits in dollar and/or percentage terms on the total amount invested in any single issue, limits on the aggregate amount invested in the "subprime" sector and monitoring of the total interest-rate and credit spread-exposure to the "subprime" sector. Bottom-up surveillance includes monitoring of collateral performance, stress testing of the safety of principal and establishing pricing levels based on primary and secondary market activity in identical or similar bonds. Should either effort reveal sector or issue-level concerns, the investment manager's credit committee will investigate the situation and decide whether to reduce the exposure. This reduction may be accomplished either through selling the security or by hedging the economic risk using credit derivatives or other instruments, if such prerogative exist under the then current investment guidelines governing the portfolio.

Changes in asset values are adjusted and reflected on the Company's income statement to the extent such changes reflect other-than-temporary declines in market value, or if there is intent to sell such securities at a loss either to meet cash needs or to restructure the investment portfolio.

2. Direct Exposure - Mortgage Loans

Not Applicable

3. Direct Exposure - Other Investment Classes

The Company invests in several other asset classes that could have subprime mortgage exposure including:

- Mortgage-backed securities
- Debt obligations and equity securities of financial institutions participating in subprime lending practices
- Equity and debt investments in companies affiliated with institutions adversely impacted due to participation in holdings of subprime investments

The Company has reviewed its investments in debt obligations to determine that they are investment grade quality, are current for interest payments due, and, in the case of mortgage-backed securities, that such investments are in tranches that have minimal default risk. Default risk on bonds appears to be minimal at present; however, the credit crisis could worsen in the future, negatively impacting the status of obligations held. An estimate of potential future losses, if any, would be provided in the financial statements. In the case of equity securities, market values that are less than the cost of securities have been deducted from surplus to the extent such differences do not reflect other-than-temporary declines in market value.

There is no subprime residential mortgage exposure as of the end of the current year.

4. Underwriting Exposure

Not Applicable

Note 22 – Events Subsequent

A. Subsequent events have been considered through February 26, 2013, the date of issuance of these statutory financial statements. There were no events occurring subsequent to the end of the current year that merited disclosure in these statements.

Note 23 – Reinsurance

A. Unsecured Reinsurance Recoverables in Excess of 3% of Surplus

The Company does not have any unsecured aggregate reinsurance recoverables for paid and unpaid losses, loss adjustment expenses and unearned premiums for individual reinsurers, authorized or unauthorized, that exceed 3% of policyholders' surplus.

NOTES TO FINANCIAL STATEMENTS

B. Reinsurance Recoverables in Dispute

The Company does not have reinsurance recoverables in dispute for paid losses and loss adjustment expenses that exceed 5% of policyholders' surplus from an individual reinsurer or exceed 10% of policyholders' surplus in aggregate.

C. Reinsurance Assumed and Ceded and Protected Cells

1. The following table summarizes assumed and ceded unearned premiums and the related commission equity at the end of the current year:

	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	**Commission Equity**	**Unearned Premiums**	**Commission Equity**	**Unearned Premiums**	**Commission Equity**
a. Affiliates	0	0	0	0	0	0
b. All Other	0	0	5,209,832	0	(5,209,832)	0
c. Totals	0	0	5,209,832	0	(5,209,832)	0
d. Direct Unearned Premium Reserve			26,469,448			

2. The Company does not have any reinsurance contracts that provide for additional or return commissions based on the actual loss experience of the reinsurance contracts.

3. The Company does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Reinsurance

Not Applicable

E. Commutation of Ceded Reinsurance

Not Applicable

F. Retroactive Reinsurance

Not Applicable

G. Reinsurance Accounted for as a Deposit

Not Applicable

H. Run-off Agreements

Not Applicable

I. Certified Reinsurer Downgraded or Status Subject to Revocation

Not Applicable

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not Applicable

Note 25 – Changes in Incurred Losses and Loss Adjustment Expenses (000's omitted)

Current year changes in estimates of the costs of prior year losses and loss adjustment expenses (LAE) affect the current year Statement of Income. Increases in those estimates increase current year expense and are referred to as unfavorable development or prior year reserve shortages. Decreases in those estimates decrease current year expense and are referred to as favorable development or prior year reserve redundancies. Current year losses and LAE reflected on the Statement of Income of $19,959 were lower by $13,132 due to favorable development of prior year estimates. This favorable development was approximately 13.3% of the prior year reserves for unpaid losses and LAE reflected on the Balance Sheet of $98,971.

The first two columns in the table below reflect by line of business the expense on the Statement of Income and what that expense would have been without prior year development (from Schedule P – Part 1). The third column is the difference between the first two columns and reflects the favorable development of $13,132. The decrease was primarily due to improved experience in the 2008 through 2011 report years. Increases or decreases of this nature occur as a result of claim settlements and receipt and evaluation of additional information regarding unpaid claims. Recent development trends are also taken into account in evaluating the overall adequacy of reserves.

The last two columns reconcile the redundancy shown in the third column to the information shown in Schedule P – Part 2, which includes losses and the defense and cost containment (DCC) portion of LAE, but excludes the adjusting and other (AO) portion of LAE.

(000's omitted) Schedule P Lines of Business	Current Calendar Year Losses and LAE Incurred	Current Loss Year Losses and LAE Incurred Sch. P - Part 1	Total Shortage (Redundancy)	Loss and DCC Shortage (Redundancy) Sch. P - Part 2	Impact of AO on Total Shortage (Redundancy)
MPL - Occurrence	2,800	3,028	(228)	(2,086)	1,858
MPL - Claims Made	16,247	28,872	(12,625)	(8,860)	(3,765)
Other Liability - Occurrence	498	630	(132)	(68)	(64)
Other Liability - Claims Made	414	561	(147)	(48)	(99)
Totals	19,959	33,091	(13,132)	(11,062)	(2,070)

NOTES TO FINANCIAL STATEMENTS

Note 26 – Intercompany Pooling Arrangements

Not Applicable

Note 27 – Structured Settlements

A. Reserves Released Due to Purchase of Annuities

The Company purchased annuities from life insurers under which the claimants are payees (see Note 14F). The Company has no contingent liability should the issuers of these annuities fail to perform under the terms of the annuities.

B. Annuity Insurers with Balances Due Greater than 1% of Policyholders' Surplus

Not Applicable

Note 28 – Health Care Receivables

Not Applicable

Note 29 – Participating Policies

Not Applicable

Note 30 – Premium Deficiency Reserves

The Company is not required to record a premium deficiency reserve at the end of the current year.

Note 31 – High Deductibles

At the end of the current year, the amount of reserve credit for high deductibles on unpaid losses and defense and containment expenses was $5,418,674. The amounts recoverable at the end of the current year totaled $197,172. None of the recoverable was nonadmitted since all balances were current.

Note 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

The Company does not discount liabilities for unpaid losses or unpaid loss adjustment expenses.

Note 33 – Asbestos/Environmental Reserves

The Company is not exposed to asbestos and/or environmental claims.

Note 34 – Subscriber Savings Accounts

Not Applicable

Note 35 – Multiple Peril Crop Insurance

Not Applicable

Note 36 – Financial Guaranty Insurance

Not Applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] N/A [ ]

1.3 State regulating? MAINE

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2008

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/14/2010

3.4 By what department or departments?
MAINE BUREAU OF INSURANCE

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [ ] No [ ] N/A [X]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] N/A [ ]

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [ ] No [X]

4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes [ ] No [X]

4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Co. Code	3 State of Domicile

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,

7.21 State the percentage of foreign control ....%

7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
BAKER NEWMAN & NOYES, LLC 280 FORE STREET PORTLAND, ME 04101

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ] N/A [ ]

10.6 If the answer to 10.5 is no or n/a, please explain.

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
CHAD C. KARLS, PRINCIPAL & CONSULTING ACTUARY MILLIMAN, INC. BROOKFIELD, WI

GENERAL INTERROGATORIES

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]
12.11 Name of real estate holding company

12.12 Number of parcels involved ....
12.13 Total book/adjusted carrying value ....
12.2 If yes, provide explanation.

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]
13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]
13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]
14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]
a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code.
14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]
14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]
14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]
15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No [ ]
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [ ]
18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

PART 1 - COMMON INTERROGATORIES - FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]
20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
20.11 To directors or other officers $......................................0
20.12 To stockholders not officers $......................................0
20.13 Trustees, supreme or grand (Fraternal only) $......................................0
20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
20.21 To directors or other officers $......................................0
20.22 To stockholders not officers $......................................0
20.23 Trustees, supreme or grand (Fraternal only) $......................................0
21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]
21.2 If yes, state the amount thereof at December 31 of the current year:
21.21 Rented from others ....
21.22 Borrowed from others ....
21.23 Leased from others ....
21.24 Other ....
22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]
22.2 If answer is yes:
22.21 Amount paid as losses or risk adjustment ....
22.22 Amount paid as expenses ....
22.23 Other amounts paid ....
23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]
23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. $......................................0

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes [X] No [ ]
24.02 If no, give full and complete information relating thereto.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).
The Company does not participate in securities lending programs

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] N/A [X]
24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. ....
24.06 If answer to 24.04 is no, report amount of collateral for other programs. ....
24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [X]
24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]
24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [X]
24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. ....
24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. ....
24.103 Total payable for securities lending reported on the liability page. ....
25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03) Yes [X] No [ ]
25.2 If yes, state the amount thereof at December 31 of the current year:
25.21 Subject to repurchase agreements $...............................0
25.22 Subject to reverse repurchase agreements $...............................0
25.23 Subject to dollar repurchase agreements $...............................0
25.24 Subject to reverse dollar repurchase agreements $...............................0
25.25 Pledged as collateral $...............................0
25.26 Placed under option agreements $...............................0
25.27 Letter stock or securities restricted as to sale $...............................0
25.28 On deposit with state or other regulatory body $...................206,076
25.29 Other $...............................0
25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]
26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [ ]
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]
27.2 If yes, state the amount thereof at December 31 of the current year: ....
28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]
28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
BROWN BROTHERS HARRIMAN & CO	140 BROADWAY NEW YORK, NY 10005-1101

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]
28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
11231	BROWN BROTHERS HARRIMAN & CO	140 BROADWAY NEW YORK, NY 10005-1101

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [X] No [ ]
29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj.Carrying Value
315910 20 8	FIDELITY INTERNATIONAL DISCOVERY FUND	212,846
315911 10 7	FIDELITY SPARTAN US BOND INDEX FUND	17,137
315911 80 0	FIDELITY SPARTAN TOTAL MARKET INDEX FUND	242,931
316071 10 9	FIDELITY CONTRAFUND	1,138,075
29.2999. TOTAL		1,610,989

PART 1 - COMMON INTERROGATORIES - INVESTMENT

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from the above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	4 Date of Valuation
FIDELITY INTERNATIONAL DISCOVERY FUND	ROYAL DUTCH SHELL PLC CLASS B	5,321	12/31/2012
FIDELITY INTERNATIONAL DISCOVERY FUND	ORIX CORP.	3,618	12/31/2012
FIDELITY INTERNATIONAL DISCOVERY FUND	BHP BILLITON PLC	3,406	12/31/2012
FIDELITY INTERNATIONAL DISCOVERY FUND	ANHEUSER-BUSCH InBev SA NV	3,406	12/31/2012
FIDELITY INTERNATIONAL DISCOVERY FUND	VODAFONE GROUP PLC	3,193	12/31/2012
FIDELITY SPARTAN US BOND INDEX FUND	FANNIE MAE 4.5% 30 YEAR	454	12/31/2012
FIDELITY SPARTAN US BOND INDEX FUND	FANNIE MAE 4% 30 YEAR	399	12/31/2012
FIDELITY SPARTAN US BOND INDEX FUND	FANNIE MAE 3.5% 30 YEAR	357	12/31/2012
FIDELITY SPARTAN US BOND INDEX FUND	FANNIE MAE 5% 30 YEAR	336	12/31/2012
FIDELITY SPARTAN US BOND INDEX FUND	GINNIE MAE 4.5% 30 YEAR	316	12/31/2012
FIDELITY SPARTAN TOTAL MARKET INDEX FUND	APPLE, INC.	7,531	12/31/2012
FIDELITY SPARTAN TOTAL MARKET INDEX FUND	EXXON MOBIL CORP.	6,073	12/31/2012
FIDELITY SPARTAN TOTAL MARKET INDEX FUND	GENERAL ELECTRIC CO.	3,401	12/31/2012
FIDELITY SPARTAN TOTAL MARKET INDEX FUND	CHEVRON CORP.	3,158	12/31/2012
FIDELITY SPARTAN TOTAL MARKET INDEX FUND	IBM CORP.	3,158	12/31/2012
FIDELITY CONTRAFUND	APPLE, INC.	83,079	12/31/2012
FIDELITY CONTRAFUND	GOOGLE, INC. CLASS A	60,318	12/31/2012
FIDELITY CONTRAFUND	BERKSHIRE HATHAWAY, INC. CLASS A	39,833	12/31/2012
FIDELITY CONTRAFUND	WELLS FARGO & CO.	28,452	12/31/2012
FIDELITY CONTRAFUND	THE COCA-COLA CO.	28,452	12/31/2012

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	195,904,847	212,430,448	16,525,601
30.2 Preferred stocks			0
30.3 Totals	195,904,847	212,430,448	16,525,601

30.4 Describe the sources or methods utilized in determining the fair values:
SVO prices were used to determine the fair value for bonds if the prices were available. For those bonds that didn't have SVO prices, fair values were obtained from the broker, Brown Brothers Harriman & Co.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No [ ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]

32.2 If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $395,404

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
MILLIMAN, INC.	278,123

34.1 Amount of payments for legal expenses, if any? $85,441

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
RATH, YOUNG AND PIGNATELLI, PA	29,998
VERRILL & DANA, LLP	29,165

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $25,675

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
CHARLES C. SOLTAN, LLC	18,774
PIAA	6,771

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]

1.2 If yes, indicate premium earned on U.S. business only. ....

1.3 What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ....

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. ....

1.5 Indicate total incurred claims on all Medicare Supplement insurance. ....

1.6 Individual policies:

Most current three years:

1.61 Total premium earned ....

1.62 Total incurred claims ....

1.63 Number of covered lives ....

All years prior to most current three years:

1.64 Total premium earned ....

1.65 Total incurred claims ....

1.66 Number of covered lives ....

1.7 Group policies:

Most current three years:

1.71 Total premium earned ....

1.72 Total incurred claims ....

1.73 Number of covered lives ....

All years prior to most current three years:

1.74 Total premium earned ....

1.75 Total incurred claims ....

1.76 Number of covered lives ....

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator..	$..............................0	$..............................0
2.2 Premium Denominator....................................	$.............35,872,106	$.............40,268,416
2.3 Premium Ratio (2.1/2.2)..................................	.............................0.0	.............................0.0
2.4 Reserve Numerator...	$..............................0	$..............................0
2.5 Reserve Denominator.....................................	$...........119,863,955	$...........120,551,549
2.6 Reserve Ratio (2.4/2.5)...................................	.............................0.0	.............................0.0

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [ ] No [X]

3.2 If yes, state the amount of calendar year premiums written on:

3.21 Participating policies ....

3.22 Non-participating policies ....

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

4.1 Does the reporting entity issue assessable policies? Yes [ ] No [X]

4.2 Does the reporting entity issue non-assessable policies? Yes [X] No [ ]

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? ....%

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. $..................................0

5. FOR RECIPROCAL EXCHANGES ONLY:

5.1 Does the exchange appoint local agents? Yes [ ] No [ ]

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [ ]

5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [ ]

5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [ ] No [ ]

5.5 If yes, give full information:

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?

Not Applicable - The Company does not issue workers' compensation policies

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:

Maximum loss exposure per claim is limited by loss retention limitations and Clash coverage. Medical Professional Liability coverage in ME, NH, & VT comprise the most significant risk of loss. Ultimate losses are estimated in cooperation with the Company's actuary, Milliman, Inc.

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?

Losses in excess of contractually established retention limites are reinsured and Clash coverage limits potential losses on related claims.

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [ ] No [X]

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss:

The Company writes only Medical Professional Liability policies with related coverage. Catastrophe insurance is not applicable to this line of business.

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] No [X]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. ....

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ]

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]

8.2 If yes, give full information:

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

(c) Aggregate stop loss reinsurance coverage;

(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;

(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [ ] No [X]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract? Yes [ ] No [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;

(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and

(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or

(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:

(a) The entity does not utilize reinsurance; or Yes [ ] No [X]

(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [X]

(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No [X]

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [ ] No [ ] N/A [X]

11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [ ] No [X]

11.2 If yes, give full information:

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.1 Unpaid losses	$.................................0
12.1 Unpaid underwriting expenses (including loss adjustment expenses)	$.................................0

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds: $.................................0

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [ ] N/A [X]

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.4 From	...................................%
12.4 To	...................................%

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [X] No [ ]

12.6 If yes, state the amount thereof at December 31 of current year:

12.6 Letters of credit	$.......................250,000
12.6 Collateral and other funds	$.................................0

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $.......................750,000

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No [X]

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 12

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [ ] No [X]
14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [ ]
14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [ ] No [ ]
14.5 If the answer to 14.4 is no, please explain:

15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [X] No [ ]
15.2 If yes, give full information:
The Company guarantees repayment on premium loans made by a bank until November 30, 2010, which was the termination date of the guarantee program. The loans were pre-approved by the Company. The risk of loss is not significant.

16.1 Does the reporting entity write any warranty business? Yes [ ] No [X]
If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home					
16.12 Products					
16.13 Automobile					
16.14 Other*					

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes [ ] No [X]
Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5.
Provide the following information for this exemption:
17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5
17.12 Unfunded portion of Interrogatory 17.11
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11
17.14 Case reserves portion of Interrogatory 17.11
17.15 Incurred but not reported portion of Interrogatory 17.11
17.16 Unearned premium portion of Interrogatory 17.11
17.17 Contingent commission portion of Interrogatory 17.11
Provide the following information for all other amounts included in Schedule F-Part 3 and excluded from Schedule F-Part 5, not included above:
17.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5
17.19 Unfunded portion of Interrogatory 17.18
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18
17.21 Case reserves portion of Interrogatory 17.18
17.22 Incurred but not reported portion of Interrogatory 17.18
17.23 Unearned premium portion of Interrogatory 17.18
17.24 Contingent commission portion of Interrogatory 17.18

18.1 Do you act as a custodian for health savings account? Yes [ ] No [X]
18.2 If yes, please provide the amount of custodial funds held as of the reporting date.
18.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]
18.4 If yes, please provide the balance of the funds administered as of the reporting date.

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2012	2 2011	3 2010	4 2009	5 2008
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	44,763,909	45,947,911	50,127,005	50,079,005	51,520,836
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	44,763,909	45,947,911	50,127,005	50,079,005	51,520,836
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	35,551,031	36,242,329	39,022,478	38,729,491	40,630,161
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	35,551,031	36,242,329	39,022,478	38,729,491	40,630,161
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	5,787,584	11,058,674	62,604	1,226,769	4,031,120
14. Net investment gain (loss) (Line 11)	10,665,183	7,997,698	7,369,275	7,326,656	7,926,807
15. Total other income (Line 15)	54,991	56,865	68,706	68,716	86,926
16. Dividends to policyholders (Line 17)	3,584,840	1,298,890	1,811,579	(1,317)	3,857,596
17. Federal and foreign income taxes incurred (Line 19)	3,031,446	4,688,136	950,790	2,402,894	2,017,913
18. Net income (Line 20)	9,891,472	13,126,211	4,738,216	6,220,564	6,169,344
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	257,406,399	244,677,125	236,067,240	226,117,112	209,827,775
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1)	144,071	3,676	130,851	130,320	35,171
20.2 Deferred and not yet due (Line 15.2)	14,866,609	15,221,832	15,811,615	14,763,420	16,066,495
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	132,767,685	134,344,469	138,367,418	135,958,258	130,063,854
22. Losses (Page 3, Line 1)	62,900,883	66,095,911	78,161,390	72,934,132	72,167,772
23. Loss adjustment expenses (Page 3, Line 3)	35,703,456	32,874,947	24,130,466	25,024,139	22,752,451
24. Unearned premiums (Page 3, Line 9)	21,259,616	21,580,691	25,606,484	25,264,441	26,023,890
25. Capital paid up (Page 3, Lines 30 & 31)					
26. Surplus as regards policyholders (Page 3, Line 37)	124,638,714	110,332,656	97,699,822	90,158,854	79,763,921
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	4,101,267	7,769,080	8,138,909	14,293,820	4,444,114
Risk-Based Capital Analysis					
28. Total adjusted capital	124,638,714	110,332,656	97,699,822	90,158,854	79,763,921
29. Authorized control level risk-based capital	9,439,233	9,357,067	9,418,767	8,661,466	7,871,912
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	81.4	86.7	85.7	82.0	90.1
31. Stocks (Lines 2.1 & 2.2)	13.0	11.9	11.0	9.9	8.6
32. Mortgage loans on real estate (Lines 3.1 & 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	5.5	1.5	3.2	8.1	1.2
35. Contract loans (Line 6)					
36. Derivatives (Line 7)				XXX	XXX
37. Other invested assets (Line 8)	0.0				0.0
38. Receivable for securities (Line 9)	0.0	0.0	0.1	0.0	0.1
39. Securities lending reinvested collateral assets (Line 10)				XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated	1,000	1,000	1,000	1,000	1,000
48. Total of above lines 42 to 47	1,000	1,000	1,000	1,000	1,000
49. Total investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	0.0	0.0	0.0	0.0	0.0

FIVE-YEAR HISTORICAL DATA
(Continued)

	1 2012	2 2011	3 2010	4 2009	5 2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	3,638,194	(444,996)	2,632,775	4,253,068	(9,188,145)
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	14,306,058	12,632,834	7,540,968	10,394,933	(2,963,384)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	12,814,942	17,875,111	21,408,835	19,860,696	26,747,388
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	12,814,942	17,875,111	21,408,835	19,860,696	26,747,388
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	11,040,084	14,150,111	15,085,304	15,999,696	17,230,550
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)	11,040,084	14,150,111	15,085,304	15,999,696	17,230,550
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	21.9	5.2	52.5	42.5	50.2
68. Loss expenses incurred (Line 3)	33.8	42.7	20.8	29.6	16.4
69. Other underwriting expenses incurred (Line 4)	28.2	24.7	26.5	24.8	23.8
70. Net underwriting gain (loss) (Line 8)	16.1	27.5	0.2	3.1	9.7
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	28.3	27.3	26.1	25.1	24.3
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	55.6	47.9	73.3	72.1	66.5
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0)	28.5	32.8	39.9	43.0	50.9
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(11,062)	(19,168)	(8,504)	(6,607)	(4,152)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100)	(10.0)	(19.6)	(9.4)	(8.3)	(5.0)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(27,949)	(23,391)	(12,646)	(8,881)	(11,959)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	(28.6)	(25.9)	(15.9)	(10.7)	(16.5)

If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [ ] No [ ]

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

($000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported- Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	XXX	XXX	XXX								0	XXX
2. 2003	40,723	11,927	28,796	29,086	5,426	10,753	564	2,434			36,283	XXX
3. 2004	51,747	15,838	35,909	27,577	8,830	12,894	4,782	2,592			29,451	XXX
4. 2005	54,075	13,397	40,678	18,233	4,279	5,546	266	2,370			21,604	XXX
5. 2006	56,985	13,989	42,996	20,177	5,361	6,096	285	2,400			23,027	XXX
6. 2007	54,688	13,682	41,006	13,097	2,552	4,697	319	1,899			16,822	XXX
7. 2008	53,660	11,896	41,764	15,859	3,324	6,076	151	2,693			21,153	XXX
8. 2009	50,665	11,176	39,489	11,466	2,768	4,189	88	2,344			15,143	XXX
9. 2010	49,730	11,049	38,681	5,088	250	4,477	84	2,226			11,457	XXX
10. 2011	50,183	9,915	40,268	3,015	1,000	1,968	18	1,782			5,747	XXX
11. 2012	45,343	9,471	35,872	57		548	3	1,259			1,861	XXX
12. Totals	XXX	XXX	XXX	143,655	33,790	57,244	6,560	21,999	0	0	182,548	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22		Total	Number of
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Anticipated	Net Losses and Expenses Unpaid	Claims Outstanding- Direct and Assumed
1. Prior												0	XXX
2. 2003												0	XXX
3. 2004	1,000				210				68			1,278	XXX
4. 2005	1,001				254		27	1	74			1,355	XXX
5. 2006	502		101	47	167		284	14	80			1,073	XXX
6. 2007	1,850	250	471	100	295	11	422	28	221			2,870	XXX
7. 2008	1,939		807	194	404	21	776	21	310			4,000	XXX
8. 2009	5,190		3,258	1,086	943		1,273	30	855			10,403	XXX
9. 2010	9,462	1,400	6,832	2,099	1,465	18	3,586	103	1,787			19,512	XXX
10. 2011	7,393		12,739	3,620	1,680	4	6,321	280	2,654			26,883	XXX
11. 2012	7,089	250	16,401	4,088	1,688	3	7,479	266	3,180			31,230	XXX
12. Totals	35,426	1,900	40,609	11,234	7,106	57	20,168	743	9,229	0	0	98,604	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX			XXX	0	0
2. 2003	42,273	5,990	36,283	103.8	50.2	126.0				0	0
3. 2004	44,341	13,612	30,729	85.7	85.9	85.6				1,000	278
4. 2005	27,505	4,546	22,959	50.9	33.9	56.4				1,001	354
5. 2006	29,807	5,707	24,100	52.3	40.8	56.1				556	517
6. 2007	22,952	3,260	19,692	42.0	23.8	48.0				1,971	899
7. 2008	28,864	3,711	25,153	53.8	31.2	60.2				2,552	1,448
8. 2009	29,518	3,972	25,546	58.3	35.5	64.7				7,362	3,041
9. 2010	34,923	3,954	30,969	70.2	35.8	80.1				12,795	6,717
10. 2011	37,552	4,922	32,630	74.8	49.6	81.0				16,512	10,371
11. 2012	37,701	4,610	33,091	83.1	48.7	92.2				19,152	12,078
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	62,901	35,703

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements, which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	One Year	Two Year
1. Prior	36,830	39,865	39,138	38,235	37,324	36,308	36,584	36,414	36,265	36,265	0	(149)
2. 2003	27,574	37,258	39,929	36,725	35,879	36,427	35,110	34,488	33,863	33,849	(14)	(639)
3. 2004	XXX	28,463	26,074	28,971	26,862	28,745	28,625	28,028	27,900	28,069	169	41
4. 2005	XXX	XXX	29,156	24,990	21,710	20,640	21,480	19,842	19,847	20,515	668	673
5. 2006	XXX	XXX	XXX	30,648	26,966	24,989	24,991	23,147	21,796	21,620	(176)	(1,527)
6. 2007	XXX	XXX	XXX	XXX	29,021	27,020	23,009	20,261	18,120	17,572	(548)	(2,689)
7. 2008	XXX	XXX	XXX	XXX	XXX	31,439	29,551	30,827	26,410	22,150	(4,260)	(8,677)
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	32,338	29,947	24,243	22,347	(1,896)	(7,600)
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	34,338	29,491	26,956	(2,535)	(7,382)
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	30,664	28,194	(2,470)	XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	28,652	XXX	XXX
										12. Totals	(11,062)	(27,949)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
1. Prior	000	14,455	24,692	30,130	33,665	34,016	35,298	36,265	36,265	36,265	XXX	XXX
2. 2003	1,439	11,112	17,680	23,692	30,020	32,129	32,889	33,427	33,847	33,849	XXX	XXX
3. 2004	XXX	1,805	6,180	12,791	16,096	22,016	23,970	25,034	26,468	26,859	XXX	XXX
4. 2005	XXX	XXX	906	3,447	7,540	11,064	15,261	18,955	19,028	19,234	XXX	XXX
5. 2006	XXX	XXX	XXX	679	3,914	11,677	15,200	18,846	19,592	20,627	XXX	XXX
6. 2007	XXX	XXX	XXX	XXX	477	2,688	8,217	11,420	12,892	14,923	XXX	XXX
7. 2008	XXX	XXX	XXX	XXX	XXX	1,500	6,306	11,295	13,786	18,460	XXX	XXX
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	863	2,363	10,230	12,799	XXX	XXX
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,385	6,262	9,231	XXX	XXX
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	578	3,965	XXX	XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	602	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Prior	1,847	2,254	1,629	1,287	617	160	64	36		
2. 2003	3,172	3,289	4,288	1,845	2,145	751	551	213	16	
3. 2004	XXX	10,913	7,099	7,218	3,248	1,351	1,236	392	48	
4. 2005	XXX	XXX	18,820	13,015	7,313	2,033	1,250	681	131	26
5. 2006	XXX	XXX	XXX	21,544	12,395	7,666	4,303	1,885	535	324
6. 2007	XXX	XXX	XXX	XXX	23,510	13,739	7,557	4,503	1,360	765
7. 2008	XXX	XXX	XXX	XXX	XXX	22,526	15,709	11,855	3,932	1,368
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	24,862	16,728	8,046	3,415
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	23,265	15,292	8,216
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	23,817	15,160
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	19,526

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

	States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	 3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Pur-chasing Groups (Incl. in Col. 2)
1.	Alabama AL	N								
2.	Alaska AK	N								
3.	Arizona AZ	N								
4.	Arkansas AR	N								
5.	California CA	N								
6.	Colorado CO	N								
7.	Connecticut CT	N								
8.	Delaware DE	N								
9.	District of Columbia DC	N								
10.	Florida FL	N								
11.	Georgia GA	N								
12.	Hawaii HI	N								
13.	Idaho ID	N								
14.	Illinois IL	N								
15.	Indiana IN	N								
16.	Iowa IA	N								
17.	Kansas KS	N								
18.	Kentucky KY	N								
19.	Louisiana LA	N								
20.	Maine ME	L	29,214,584	29,876,843	2,251,568	6,343,255	3,507,707	45,388,324	32,775	
21.	Maryland MD	N								
22.	Massachusetts MA	L	1,195	1,290						
23.	Michigan MI	N								
24.	Minnesota MN	N								
25.	Mississippi MS	N								
26.	Missouri MO	N								
27.	Montana MT	N								
28.	Nebraska NE	N								
29.	Nevada NV	N								
30.	New Hampshire NH	L	7,232,436	7,359,949	635,998	2,856,011	2,324,328	19,593,787	4,675	
31.	New Jersey NJ	N								
32.	New Mexico NM	N								
33.	New York NY	N								
34.	North Carolina NC	N								
35.	North Dakota ND	N								
36.	Ohio OH	N								
37.	Oklahoma OK	N								
38.	Oregon OR	N								
39.	Pennsylvania PA	N								
40.	Rhode Island RI	N								
41.	South Carolina SC	N								
42.	South Dakota SD	N								
43.	Tennessee TN	N								
44.	Texas TX	N								
45.	Utah UT	N								
46.	Vermont VT	L	8,315,694	8,104,502	573,172	3,615,676	(1,264,567)	11,053,134	4,975	
47.	Virginia VA	N								
48.	Washington WA	N								
49.	West Virginia WV	N								
50.	Wisconsin WI	N								
51.	Wyoming WY	N								
52.	American Samoa AS	N								
53.	Guam GU	N								
54.	Puerto Rico PR	N								
55.	US Virgin Islands VI	N								
56.	Northern Mariana Islands MP	N								
57.	Canada CAN	N								
58.	Aggregate Other Alien OT	XXX	0	0	0	0	0	0	0	0
59.	Totals	(a) 4	44,763,909	45,342,584	3,460,738	12,814,942	4,567,468	76,035,245	42,425	0

DETAILS OF WRITE-INS

58001.		XXX								
58002.		XXX								
58003.		XXX								
58998.	Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999.	Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

(a) Insert the number of "L" responses except for Canada and Other Alien.

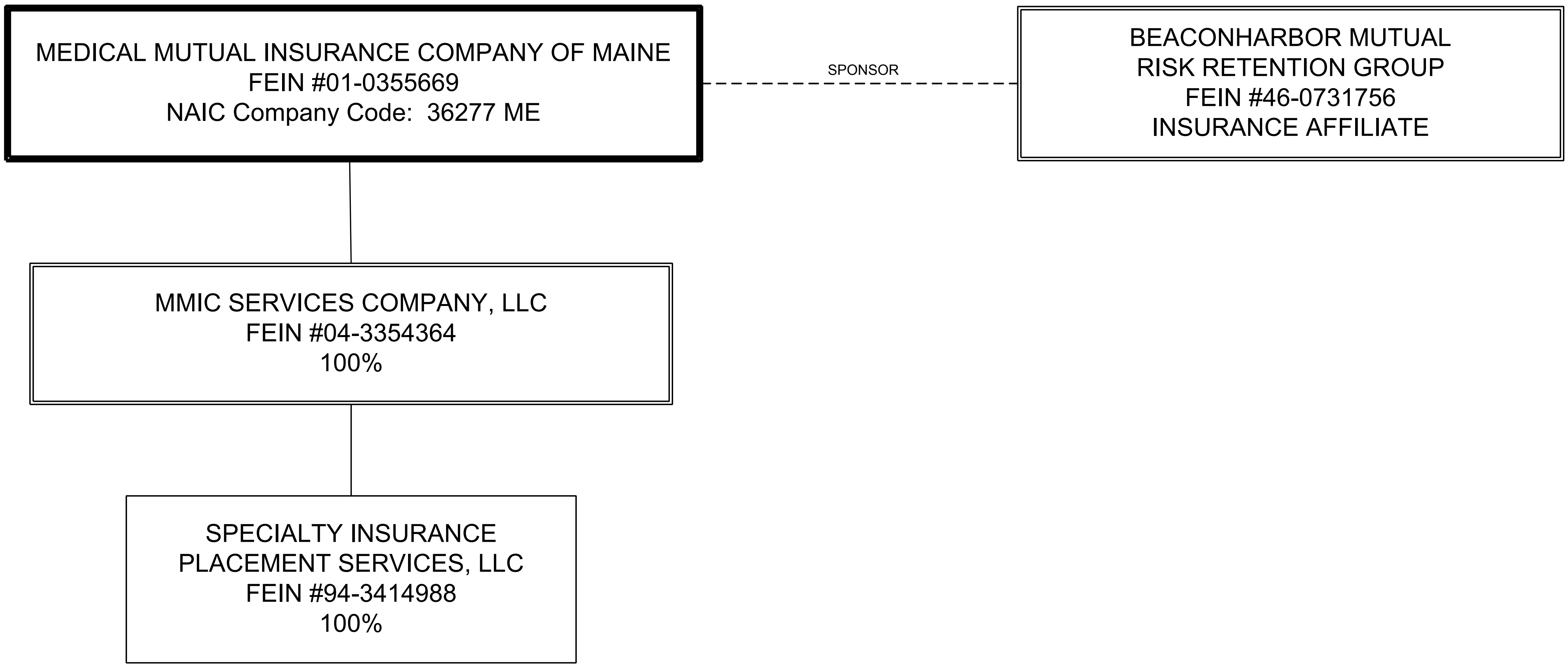
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domicilied RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer; (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

Explanation of Basis of Allocation of Premiums by States, etc.

Premiums are allocated to those states where the insured risks are located

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART



2012 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK